

WEST GERMANY: GENERAL ECONOMIC DATA

Population (1982): 61.7 Million GDP (Purchaser's Value)/Capita: \$10,700

Total Output (Billion \$US - 1982 Exch Rate)	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983*</u>
GDP (Purchaser's Value - Current Prices)	610.4	636.2	660.4	685.3
GDP (Constant Prices - % Change by Year)	1.8	-0.2	-1.1	1.0
Cost-of-Living Index (1980 = 100)	100	106	110	114

West Germany has emerged from the economic slump that began in early 1980 and real GNP growth could reach 1 percent in 1983 after a 1.1 percent decline last year. Consumer spending -- which led the upswing in early 1983 -- has since slowed, but business confidence remains high. Private investment, after a big jump in first half 1983, apparently remains strong. Foreign orders, which slumped in first half 1983, have begun to turn up, creating mild optimism about exports.

The upswing has not been strong enough to ease the serious unemployment problem. Unemployment probably will remain at about 2.3 million persons -- 9.4 percent of the labor force -- and could average 2.4 million in 1984 even given anticipated 2.0 to 2.5-percent real GNP growth and a revival in the labor-intensive automotive and construction industries.

Inflation fell to around 3 percent in 1983, compared to 5.2 percent last year, in part due to the moderate wage settlements achieved this spring. The current account surplus will grow to about \$5 billion, reflecting cheaper imports due to lower oil prices. The chronic West German invisibles deficit should shrink slightly in 1983, largely because foreign travel -- the largest expense item in the services balance -- declined last year and a resurgence is unlikely until the recovery becomes more palpable domestically.

The government, led by Helmut Kohl, wants to reduce the role of government and encourage private enterprise. To assure budget restraint in 1984, the ruling CDU-CSU coalition agreed that spending increases should be limited to 2 percent and borrowing should not exceed \$14 billion. To that end, the cabinet approved reductions in benefits for the unemployed and imposed a pay freeze for public-sector employees through March 1985.

<u>TRADE AND PAYMENTS (Billion \$US, BOP Basis)</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983*</u>
Exports of Goods and Services	236.8	220.5	224.6	228.8
Imports of Goods and Services	239.8	215.7	210.1	211.5
Balance of Goods and Services	-3.0	4.8	14.5	17.3
Current Account Balance	-16.3	-7.6	3.5	5.0
Long-Term Capital	2.7	3.8	-6.9	-5.0
Total Reserves Minus Gold (yearend)	48.0	43.7	44.8	42.8**

* Projected

** August 1983